

105TH CONGRESS  
2D SESSION

# H. R. 4071

To authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1998

Mr. HINCHEY (for himself, Mr. WATKINS, Mr. COSTELLO, Mr. GUTIERREZ, Mr. WISE, Ms. FURSE, Mr. FROST, Mr. SCHUMER, Mr. FALEOMAVAEGA, Mr. JACKSON of Illinois, Mr. BOUCHER, Mr. BALDACCI, Mr. SANDERS, Mr. FARR of California, Mr. ALLEN, Mr. RAHALL, Mr. THOMPSON, Ms. CHRISTIAN-GREEN, Ms. WOOLSEY, Mr. PASTOR, Mr. MASCARA, Mr. MINGE, Mrs. THURMAN, Mr. TOWNS, Mr. PETERSON of Pennsylvania, Mr. MOLLOHAN, and Mr. ROMERO-BARCELÓ) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To authorize the Secretary of Agriculture to make grants to establish 33 additional rural enterprise communities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rural Enterprise Com-  
5       munities Act of 1998”.

1 **SEC. 2. SELECTION OF ADDITIONAL ENTERPRISE COMMU-**  
2 **NITIES.**

3 (a) IN GENERAL.—Section 1391(g)(1) of the Internal  
4 Revenue Code of 1986 is amended—

5 (1) in the first sentence by inserting before the  
6 period at the end the following: “, and an additional  
7 33 nominated areas as enterprise communities in  
8 rural areas”, and

9 (2) in the second sentence by striking “Of that  
10 number” and inserting “Of the 20 additional em-  
11 powerment zones created pursuant to this para-  
12 graph”.

13 (b) EXTENSION OF APPLICATION DEADLINE FOR  
14 NEW RURAL ENTERPRISE COMMUNITIES.—Paragraph  
15 (2) of section 1391(g) of such Code (relating to period  
16 designations may be made and take effect) is amended to  
17 read as follows:

18 “(2) PERIOD DESIGNATIONS MAY BE MADE AND  
19 TAKE EFFECT.—

20 “(A) EMPOWERMENT ZONE.—A designa-  
21 tion of an empowerment zone may be made  
22 under this subsection after August 5, 1997, and  
23 before January 1, 1999.

24 “(B) RURAL ENTERPRISE COMMUNITY.—A  
25 designation of a rural enterprise community

1           may be made under this subsection after Au-  
2           gust 5, 1997, and before January 1, 2000.”.

3           (c) NONCONTIGUOUS PARCELS.—Clause (ii) of sec-  
4   tion 1391(g)(3)(B) of such Code is amended—

5           (1) by striking “SPECIAL RULE FOR RURAL  
6           AREAS.—If” and inserting “SPECIAL RULES FOR  
7           RURAL AREAS.—

8                               “(I) LARGE AREAS.—If”, and

9           (2) by adding at the end the following new sub-  
10          clause:

11                               “(II) EXCEPTION TO CONTIG-  
12                               UOUS RULE.—Notwithstanding sec-  
13                               tion 1392(a)(3)(B), the Secretary of  
14                               Agriculture may designate noncontig-  
15                               uous parcels as an empowerment zone  
16                               or enterprise community under this  
17                               subsection, if the Secretary deter-  
18                               mines that such parcels, taken to-  
19                               gether, have the characteristics of, or  
20                               potential for developing, a cohesive re-  
21                               gional community identity.”.

22          (d) MODIFICATIONS TO ELIGIBILITY CRITERIA.—

23           (1) POVERTY RATE.—Clause (v) of section  
24          1391(g)(3)(A) of such Code is amended to read as  
25          follows:

1                   “(v) SPECIAL RULE FOR RURAL EM-  
2                   POWERMENT ZONES AND ENTERPRISE  
3                   COMMUNITIES.—The Secretary of Agri-  
4                   culture may designate an empowerment  
5                   zone or enterprise community in a rural  
6                   area (but not more than 1 empowerment  
7                   zone and 16 enterprise communities) with-  
8                   out regard to clause (i) if the area to be  
9                   designated satisfies 1 or more of the fol-  
10                  lowing criteria:

11                         “(I) Emigration criteria specified  
12                         by the Secretary of Agriculture.

13                         “(II) Underemployment criteria  
14                         specified by the Secretary of Agri-  
15                         culture.

16                         “(III) Is an area which the Sec-  
17                         retary of Agriculture has determined  
18                         has experienced, or may reasonably be  
19                         foreseen to be about to experience, a  
20                         special need to meet an expected rise  
21                         in unemployment, or other economic  
22                         adjustment problems, including those  
23                         caused by any action or decision of  
24                         the Federal Government.

1 “(IV) Is an area which the Sec-  
2 retary of Agriculture has determined  
3 is about to experience or has experi-  
4 enced a sudden economic dislocation  
5 resulting in job loss that is significant  
6 both in terms of the number of jobs  
7 eliminated and the effect upon the  
8 employment rate of the area.”.

9 (2) SIZE LIMITATION.—Clause (i) of section  
10 1391(g)(3)(B) of such Code is amended to read as  
11 follows:

12 “(i) IN GENERAL.—

13 “(I) DEVELOPABLE SITES NOT  
14 TAKEN INTO ACCOUNT.—The parcels  
15 described in subparagraph (A)(iii)  
16 shall not be taken into account in de-  
17 termining whether the requirement of  
18 subparagraph (A) or (B) of section  
19 1392(a)(3) is met.

20 “(II) INAPPLICABLE TO CERTAIN  
21 AREAS.—The Secretary of Agriculture  
22 may designate no more than 1 em-  
23 powerment zone and no more than 8  
24 enterprise communities in rural areas  
25 without regard to subparagraph (A)

1 or (B) of section 1392(a)(3) so long  
 2 as such zone or community (as the  
 3 case may be) meets the eligibility cri-  
 4 teria set forth in this paragraph.”.

5 (e) USE OF BOND PROCEEDS MUST BE CONSISTENT  
 6 WITH STRATEGIC PLAN.—Subparagraph (C) of section  
 7 1394(f)(2) of such Code is amended by adding at the end  
 8 the following new clause:

9 “(iii) In the case of new empowerment  
 10 zone facility bonds in an empowerment  
 11 zone in a rural area issued after the date  
 12 of the enactment of the Rural Enterprise  
 13 Communities Act of 1998 (including an  
 14 issue of refunding bonds), paragraph (1)  
 15 and subsection (a) shall not apply if the  
 16 bond proceeds will be used for activities  
 17 which are consistent with the strategic  
 18 plan for such empowerment zone.”.

19 (f) ZONE ACADEMY BONDS.—

20 (1) COMPREHENSIVE EDUCATION PLAN MUST  
 21 BE CONSISTENT WITH STRATEGIC PLAN.—Subpara-  
 22 graph (A) of section 1397E(d)(4) of such Code is  
 23 amended by striking “and” at the end of clause (iii),  
 24 by striking the period at the end of clause (iv) and

1 inserting “, and”, and by adding at the end the fol-  
 2 lowing new clause:

3 “(v) in the case of an empowerment  
 4 zone located in a rural area, the com-  
 5 prehensive education plan of such public  
 6 school or program (as the case may be) is  
 7 consistent with the strategic plan for such  
 8 empowerment zone.”.

9 (2) ALLOCATION OF NATIONAL LIMITATION TO  
 10 RURAL EMPOWERMENT ZONES.—Subsection (c) of  
 11 section 1397E of such Code is amended by adding  
 12 at the end the following new paragraph:

13 “(5) ALLOCATION TO RURAL EMPOWERMENT  
 14 ZONES.—For each calendar year, not less than 25  
 15 percent of the national zone academy bond limitation  
 16 shall be allocated to empowerment zones in rural  
 17 areas.”.

18 (g) ELIGIBILITY OF INSULAR AREAS.—Subsection  
 19 (a) of section 1393 of such Code is amended by adding  
 20 at the end the following new paragraph:

21 “(10) STATE.—For the purposes of designating  
 22 empowerment zones in rural areas after the date of  
 23 the enactment of the Rural Enterprise Communities  
 24 Act of 1998, the term ‘State’ includes Puerto Rico,

1 the Virgin Islands, Guam, American Samoa, and the  
 2 Commonwealth of the Northern Mariana Islands.”.

3 (h) TECHNICAL AMENDMENT.—Subparagraph (C) of  
 4 section 1391(g)(3) of such Code is amended by striking  
 5 “paragraph (1)(B)” and inserting “paragraph (3)(B)”.

6 **SEC. 3. RECOGNITION AND INCENTIVES FOR TOP PER-**  
 7 **FORMING EMPOWERMENT ZONES AND EN-**  
 8 **TERPRISE COMMUNITIES.**

9 (a) PRIORITY GIVEN TO TOP PERFORMING ENTER-  
 10 PRISE COMMUNITIES.—Subparagraph (D) of section  
 11 1391(g)(3) of the Internal Revenue Code of 1986 (relating  
 12 to modifications to eligibility criteria, etc.) is amended to  
 13 read as follows:

14 “(D) PREVIOUSLY DESIGNATED ENTER-  
 15 PRISE COMMUNITIES MAY BE INCLUDED.—

16 “(i) IN GENERAL.—Subsection (e)(5)  
 17 shall not apply to any enterprise commu-  
 18 nity designated under subsection (a) that  
 19 is also nominated for designation under  
 20 this subsection.

21 “(ii) PRIORITY.—In designating em-  
 22 powerment zones under paragraph (1), the  
 23 appropriate Secretary shall give priority to  
 24 top performing enterprise communities.”.

1       (b) RECOGNITION OF TOP PERFORMING EMPOWER-  
2     MENT ZONES AND ENTERPRISE COMMUNITIES.—Section  
3     1391 of such Code (relating to designation procedure) is  
4     amended by adding at the end the following new sub-  
5     section:

6       “(h) RECOGNITION OF TOP PERFORMING EMPOWER-  
7     MENT ZONES AND ENTERPRISE COMMUNITIES.—For pur-  
8     poses of subsection (g)—

9               “(1) IN GENERAL.—The appropriate Secretary  
10     shall recognize annually the top performing em-  
11     powerment zones and enterprise communities.

12              “(2) TOP PERFORMING EMPOWERMENT ZONE  
13     AND ENTERPRISE COMMUNITY.—The terms ‘top per-  
14     forming empowerment zone’ and ‘top performing en-  
15     terprise community’ mean an empowerment zone or  
16     an enterprise community, as the case may be, that,  
17     as of the end of the applicable period of evaluation,  
18     has completed or made substantial progress toward  
19     the achievement of the benchmarks specified in the  
20     application for designation as an empowerment zone  
21     or enterprise community under this section, as deter-  
22     mined by the appropriate Secretary.”.

1 **SEC. 4. FUNDING ENTITLEMENT FOR ADDITIONAL RURAL**  
2 **EMPOWERMENT ZONES AND RURAL ENTER-**  
3 **PRISE COMMUNITIES.**

4 (a) ENTITLEMENT.—Paragraph (1) of section  
5 2007(a) of the Social Security Act (42 U.S.C. 1397f(a))  
6 is amended—

7 (1) in subparagraph (A), by striking “in the  
8 State; and” and inserting “in the State designated  
9 pursuant to section 1391(b) of the Internal Revenue  
10 Code of 1986;”,

11 (2) in subparagraph (B), by striking the period  
12 at the end and inserting “; and”, and

13 (3) by adding at the end the following new sub-  
14 paragraph:

15 “(C) 10 grants under this section for each qualified  
16 rural empowerment zone and 2 grants for each qualified  
17 rural enterprise community in the State designated pursu-  
18 ant to section 1391(g) of such Code.”.

19 (b) AMOUNT OF GRANTS.—Paragraph (2) of section  
20 2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

21 (1) in the heading of subparagraph (A), by  
22 striking “EMPOWERMENT” and inserting “ORIGINAL  
23 EMPOWERMENT”,

24 (2) in subparagraph (A), in the matter preced-  
25 ing clause (i), by inserting “described in paragraph  
26 (1)(A)” after “empowerment zone”,

1           (3) by redesignating subparagraph (C) as sub-  
2       paragraph (D), and

3           (4) by inserting after subparagraph (B) the fol-  
4       lowing new subparagraph:

5                       “(C)       ADDITIONAL       EMPOWERMENT  
6       GRANTS.—The amount of each grant to a State  
7       made under this section for a qualified rural  
8       empowerment zone or rural enterprise commu-  
9       nity described in paragraph (1)(C) shall be—

10                      “(i) \$2,000,000 if the area is des-  
11                      ignated as a rural empowerment zone, or

12                      “(ii) \$1,500,000 if the area is des-  
13                      ignated as a rural enterprise community,  
14       multiplied by the proportion of the population  
15       of the zone that resides in that State.”.

16       (c) TIMING OF GRANTS.—Paragraph (3) of section  
17   2007(a) of such Act (42 U.S.C. 1397f(a)) is amended—

18           (1) in the heading of subparagraph (A) by  
19       striking “QUALIFIED” and inserting “ORIGINAL  
20       QUALIFIED”,

21           (2) in subparagraph (A), in the matter preced-  
22       ing clause (i), by inserting “described in paragraph  
23       (1)(A)” after “empowerment zone”, and

24           (3) by adding at the end the following new sub-  
25       paragraphs:

1           “(C) ADDITIONAL QUALIFIED EMPOWER-  
2           MENT ZONES.—With respect to each qualified  
3           empowerment zone described in paragraph  
4           (1)(C), the Secretary of Agriculture shall  
5           make—

6                   “(i) 1 grant under this subsection to  
7                   the State in which the rural empowerment  
8                   zone lies, on the date of the designation of  
9                   the zone under such part I; and

10                   “(ii) 1 grant under this subsection to  
11                   such State, on the first day of each of the  
12                   nine fiscal years that begin after the date  
13                   of the designation.

14           “(D) ADDITIONAL QUALIFIED ENTERPRISE  
15           COMMUNITIES.—With respect to each qualified  
16           enterprise community described in paragraph  
17           (1)(C), the Secretary of Agriculture shall  
18           make—

19                   “(i) 1 grant under this subsection to  
20                   the State in which the rural enterprise  
21                   community lies, on the date of the designa-  
22                   tion of the zone under such part I; and

23                   “(ii) 1 grant under this subsection to  
24                   such State, on the first day of the fiscal

1                   year that begins one year after the date  
2                   of the designation.”.

3           (d) FUNDING.—Paragraph (4) of section 2007(a) of  
4 such Act (42 U.S.C. 1397f(a)) is amended—

5           (1) by redesignating the matter following the  
6 caption as subparagraph (A), by indenting such  
7 matter, and by moving such matter 2 ems to the  
8 right,

9           (2) by inserting “ORIGINAL GRANTS.—” after  
10 the subparagraph designation “(A)”,

11           (3) in subparagraph (A), as so redesignated, by  
12 inserting before the period “for empowerment zones  
13 and enterprise communities described in subpara-  
14 graphs (A) and (B) of paragraph (1)”, and

15           (4) by adding at the end the following new sub-  
16 paragraph:

17                   “(B) ADDITIONAL GRANTS.—\$200,000,000  
18 shall be made available to the Secretary of Ag-  
19 riculture for grants under this section for em-  
20 powerment zones and enterprise communities  
21 described in paragraph (1)(C).”.

22           (e) COMMUNITY PLANNING GRANTS.—

23           (1) IN GENERAL.—From amounts made avail-  
24 able to carry out section 2007 of the Social Security  
25 Act, the Secretary of Agriculture may make grants

1 to assist communities in participating in the applica-  
2 tion process under section 1391 of the Internal Rev-  
3 enue Code of 1986 for designation as an empower-  
4 ment zone or enterprise community, as the case may  
5 be.

6 (2) LIMITATIONS.—

7 (A) No grant under paragraph (1) may ex-  
8 ceed \$10,000.

9 (B) The Secretary may not make more  
10 than 1 grant under this subsection to a commu-  
11 nity.

12 (C) The Secretary may not make more  
13 than 100 grants under this subsection.

14 (3) DEFINITIONS.—For purposes of this sub-  
15 section—

16 (A) COMMUNITY.—The term “community”  
17 includes a regional development organization.

18 (B) REGIONAL DEVELOPMENT ORGANIZA-  
19 TION.—The term “regional development organi-  
20 zation” means any organization recognized or  
21 designated by the appropriate official or agency  
22 of a State government as a regional or substate  
23 multi-jurisdictional planning or development  
24 agency.

1 **SEC. 5. RESPONSIBILITIES OF THE SECRETARY OF AGRI-**  
2 **CULTURE.**

3 (a) CONVEYANCE OF EXCESS AGRICULTURE DE-  
4 PARTMENT PROPERTY TO SUPPORT EMPOWERMENT  
5 ZONES AND ENTERPRISE COMMUNITIES.—Section 923 of  
6 the Federal Agricultural Improvement and Reform Act of  
7 1996 (7 U.S.C. 2206a) is amended—

8 (1) by striking “Notwithstanding” and insert-  
9 ing “(a) IN GENERAL.—Notwithstanding”,

10 (2) in paragraph (1) of subsection (a) (as des-  
11 ignated by paragraph (1) of this subsection)—

12 (A) by striking “and” at the end of sub-  
13 paragraph (B), and

14 (B) by inserting after subparagraph (C)  
15 the following new subparagraph:

16 “(D) persons, including Federal, State, or  
17 local government agencies, for activities consist-  
18 ent with the strategic plan for an empowerment  
19 zone, enterprise community, or champion com-  
20 munity located in a rural area; and”, and

21 (3) by adding at the end the following new sub-  
22 section:

23 “(b) DEFINITION.—For the purpose of this section,  
24 the term ‘champion community’ means an applicant for  
25 designation as a rural empowerment zone or enterprise

1 community whose strategic plan meets criteria specified  
2 by the Secretary of Agriculture.”.

3 (b) ENVIRONMENTAL RESPONSIBILITY.—

4 (1) IN GENERAL.—The Secretary of Agriculture  
5 shall have the responsibility for conducting environ-  
6 mental reviews, decisionmaking, and action pursuant  
7 to the National Environmental Policy Act of 1969  
8 (42 U.S.C. 4321 et seq.) and other provisions of law  
9 as the regulations of the Secretary may specify, that  
10 would apply to Federal actions undertaken with re-  
11 spect to rural empowerment zones and enterprise  
12 communities.

13 (2) DELEGATION.—The Secretary of Agri-  
14 culture is authorized to delegate the responsibilities  
15 described in paragraph (1) to rural empowerment  
16 zones or enterprise community recipients who as-  
17 sume, and are determined by the Secretary to be  
18 qualified to assume, all of the responsibilities for en-  
19 vironmental review, decisionmaking, and action re-  
20 quired.

21 **SEC. 6. EFFECTIVE DATES.**

22 (a) IN GENERAL.—Except as otherwise provided in  
23 this section, the amendments made by this Act shall take  
24 effect as if included in the amendments made by section  
25 952 of the Taxpayer Relief Act of 1997.

1       (b) ZONE ACADEMY BOND ALLOCATION.—The  
2 amendments made by section 2(f) shall apply to calendar  
3 years after 1998.

4       (c) EMPOWERMENT ZONE GRANTS; ENVIRONMENTAL  
5 RESPONSIBILITY AND PROPERTY CONVEYANCE.—Sec-  
6 tions 4 and 5 and the amendments made by such sections  
7 shall take effect on the date of the enactment of this Act.

○